

## Message Text

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15 L  
ACTION SCI-06

INFO OCT-01 EA-11 ISO-00 SS-20 H-03 PM-07 OMB-01 NSC-10

CIAE-00 INR-10 NSAE-00 RSC-01 PRS-01 ACDA-19 EB-11

TRSE-00 SCEM-02 DRC-01 L-03 /107 W  
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R 100720Z JAN 74  
FM AMEMBASSY CANBERRA  
TO SECSTATE WASHDC 2309  
INFO AMCONSUL BRISBANE  
AMCONSUL PERTH  
AMCONSUL MELBOURNE  
AMCONSUL SYDNEY  
AMEMBASSY TOKYO  
USAEC GERMANTOWN

C O N F I D E N T I A L CANBERRA 0174

E.O. 11652: GDS  
TAGS: TECH, ENRG, AS  
SUBJ: ATOMIC ENERGY: CONGRESSMAN HOSMER CALLS ON MINISTER CONNOR

REF: (A) STATE 004388 (NOTAL) (B) CANBERRA A-122

1. IN HOUR-LONG, CORDIAL SESSION, CONGRESSMAN CRAIG HOSMER, RANKING MINORITY MEMBER OF JCAE, CALLED ON MINERALS AND ENERGY MINISTER CONNOR JAN. 8. HEWITT, SECRETARY OF CONNOR'S DEPT. OF MINERALS AND ENERGY, GRAHAM OF JCAE STAFF AND EMBASSY OFFICER SAT IN.

2. AFTER EXPLAINING THAT HE IS VISITING AUSTRALIA AS JCAE REPRESENTATIVE, CONGRESSMAN MADE FOLLOWING KEY POINTS:  
(A) NEW TECHNOLOGICAL BREAKTHROUGHS, SUCH AS USING LASER EXCITATION TO ACHIEVE FAR MORE EFFICIENT CHEMICAL SEPARATION IN ENRICHMENT OF URANIUM, MIGHT VERY WELL CAUSE BOTTOM TO FALL OUT OF WORLD URANIUM PRICES IN NEXT SEVERAL YEARS; (B) U.S. CONCERNED THAT FUTURE FREE WORLD ENRICHMENT CAPACITY NEITHER EXCEED NOR FALL SHORT OF GLOBAL NEEDS, BUT FORWARD PLANNING  
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TO ASSURE SUCH A BALANCE WILL BE GREATLY COMPLICATED IF AUSTRALIA

AND OTHER URANIUM PRODUCERS DO NOT REVEAL THEIR INTENTIONS ON URANIUM EXPORTS AND ENRICHMENT; AND (C) AUSTRALIA WOULD BE WELL ADVISED TO RECONSIDER WHETHER IT IS IN ITS ECONOMIC INTEREST TO INVEST HUGE SUMS IN ENRICHMENT FACILITIES NOT REQUIRED FOR DOMESTIC PURPOSES AND SHOULD SERIOUSLY CONSIDER INSTEAD OFFERING TO URANIUM CONSUMING COUNTRIES PERMANENT DISPOSAL OF THEIR RADIOACTIVE WASTES TIED TO CONTRACTS FOR REPROCESSING THEIR SPENT FUEL.

3. CONNOR FOLLOWED CONGRESSMAN'S COMMENTS WITH OBVIOUS INTEREST. DURING DISCUSSION, HE REAFFIRMED HIS FAMILIAR VIEWS (REF B) THAT: (A) AUSTRALIA WILL EXPORT URANIUM WHEN IT CONSIDERS PRICE RIGHT AND THESE EXPORTS WILL BE IN ENRICHED FORM; (B) U.S. GASEOUS DIFFUSION TECHNOLOGY IS "OBSCULESCENT" AS WELL AS "AWKWARD, COSTLY AND CUMBERSOME"; AND (C) AUSTRALIA IS IN FAVORED FUELS POSITION AND CAN AFFORD TO TAKE ITS TIME IN CHOOSING TECHNOLOGY FOR LOCAL PLANT. CONNOR, WHO WAS RESTRAINED AND ALMOST DIFFIDENTLY POLITE THROUGHOUT, IN CONTRAST TO HIS USUAL SUPER BLUNT STYLE, REGISTERED REAL INTEREST IN CONGRESSMAN'S SUGGESTION OF TIE-IN BETWEEN PERMANENT DISPOSAL AND REPROCESSING. HOWEVER, HE DID NOT BUDGE FROM HIS POSITION THAT AUSTRALIA WILL ENRICH LOCALLY. THE MINISTER SEEMED SOMEWHAT DISARMED BY HOSMER'S FRIENDLY MANNER AND CANDOR IN AGREEING THAT U.S GASEOUS DIFFUSION TECHNOLOGY MIGHT NOT BE BEST FOR AUSTRALIA AND IN STATING FRANKLY THAT HE DOES NOT WANT COMPETITION FOR US ENRICHMENT SERVICES TO OTHER COUNTRIES, WHICH IS IMPORTANT TO US BALANCE OF PAYMENTS. THE MINISTER SEEMED PARTICULARLY INTERESTED IN HOSMER'S VIEW THAT AUSTRALIA MIGHT EVENTUALLY BE ABLE TO BUY U.S. GAS CENTRIFUGE TECHNOLOGY, WHICH THE CONGRESSMAN DESCRIBED AS "MORE SOPHISTICATED" THAN URENCO TECHNOLOGY. CONNOR REFUSED TO GIVE ADDITIONAL DETAILS ON AUSTRALIA'S URANIUM EXPORT AND ENRICHMENT INTENTIONS BEYOND (A) ABOVE.

4. HEWITT, WHO REMAINED MOSTLY SILENT UNTIL END OF DISCUSSION, THEN RAISED PRESS RELEASE ON POSSIBLE EFFECTS OF TECHNOLOGICAL BREAKTHROUGH ON FUTURE URANIUM PRICES WHICH CONGRESSMAN HAD SAID WOULD BE RELEASED IN HIS NAME IN WASHINGTON ON JAN. 10. HEWITT OBSERVED THAT, WHILE PRESS RELEASE PROPERLY QUALIFIES CONCLUSIONS AND CLEARLY STATES ASSUMPTIONS, THESE FINE POINTS UNDOUBTEDLY WILL BE PASSED OVER BY LOCAL PRESS. SINCE

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PRESS RELEASE CONCLUSIONS MAY WELL BE WIDELY PUBLICIZED IN AUSTRALIA WITH DESTABILIZING EFFECT ON URANIUM COMPANY SHARES ON LOCAL STOCK EXCHANGES, HEWITT SUGGESTED THAT MINISTER ISSUE STATEMENT DRAWING ATTENTION TO QUALIFICATIONS AND ASSUMPTIONS OF HOSMER'S RELEASE. BOTH CONNOR AND CONGRESSMAN AGREED THAT SUCH A STATEMENT WOULD BE ADVISABLE.

5. EMBASSY WILL REPORT OTHER ASPECTS CODEL HOSMER VISIT SEPARATE-

LY.

6. EMBASSY COMMENT: MINISTER SEEMED PUZZLED AT CONGRESSMAN'S  
PURPOSE IN SEEING HIM BUT INTERESTED IN HOSMER'S POINTS.  
HOWEVER, IT SEEMS DOUBTFUL THAT CONNOR WILL ALTER ANY OF HIS  
SET BELIEFS THAT AUSTRALIA SHOULD SIT TIGHT ON ITS URANIUM  
AND WAIT FOR PROPITIOUS TIME TO CASH IN ON ENRICHED URANIUM  
EXPORTS.  
HARROP

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## Message Attributes

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